

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

FORMERLY
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(ADMINISTRATION)

FINANCIAL STATEMENTS

31ST DECEMBER 2002



Company Registration Number : 1119344

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED formerly
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (ADMINISTRATION)

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THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED formerly
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (ADMINISTRATION)

DIRECTORS AND OFFICERS

DIRECTORS

A K Broadway
G Drago
R D McKnight
J Teixeira da Silva

SECRETARY

A K Broadway

COMPANY NUMBER

1119344 (England and Wales)

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands B91 3DQ

AUDITORS

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BANKERS

HSBC
34 Poplar Road
Solihull
B91 3AF

Bank of America
26, Elmfield Road
Bromley
Kent
BR1 1WA

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
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DIRECTORS' REPORT

The directors submit their report and the financial statements of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited formerly The Church of Jesus Christ of Latter-day Saints (Administration) for the year ended 31 December 2002.

LEGAL AND ADMINISTRATIVE INFORMATION

The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited is a private limited company which formerly as The Church of Jesus Christ of Latter-day Saints (Administration) was a private Unlimited company. The name change and conversion to Limited status was effected 12th April 2002.

PRINCIPAL ACTIVITIES

The principal activities of the company during 2002 was the retailing of clothing, CD's, curriculum and magazines, operating cafeterias, provision of accommodation for patrons and other activities on behalf of The Church of Jesus Christ of Latter-day Saints in the United Kingdom and Ireland from locations in the United Kingdom.

Effective 1 January 2003 the company has begun operations across Europe with the acquisition of a warehouse near Frankfurt, Germany and two retail outlets also in Germany. We also acquired a similar operation in France during the summer which was subsequently merged with our distribution warehouse in Frankfurt. In January 2004 we acquired a retail outlet in Sweden.

RESULTS

The profit of the company for the year was £5,416,851 (2001: £2,073,122 loss) after receiving a subvention payment from our parent company of £5,750,000 to cover losses on activities that will not be part of this company going forward.

The directors do not recommend the payment of a dividend, which leaves an accumulated deficit of £1,607,798 to be carried forward in reserves.

Assurances of continued financial support have been received from The Corporation of the President of The Church of Jesus Christ of Latter-day Saints.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:-

A K Broadway	
B L Buckner -	resigned 12 March 2003
B Calsen -	resigned 7 January 2002
G Drago -	appointed 12 March 2003
B C James -	resigned 12 March 2003
P Malm -	appointed 12 March 2003 - resigned September 2003
R J Mawle -	resigned 7 January 2002
R D McKnight -	appointed 19 January 2004
J Teixeira da Silva -	appointed 12 March 2003

G Drago retires by rotation and, being eligible, offers himself for re-election.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
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DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors' to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on pages 8 & 9 under " Accounting policies". They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors' are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

AKBroadway
A K Broadway
Secretary
24 March 2005

**AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST
OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED formerly
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (ADMINISTRATION)**

for the year ended 31st December 2002

**Independent auditors' report to the members of The Church of Jesus Christ of
Latter-day Saints (European Distribution) Limited formerly The Church of Jesus
Christ of Latter-day Saints (Administration)**

We have audited the financial statements which comprise the statement of financial activities, the balance sheet and related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST
OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED formerly
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (ADMINISTRATION)

for the year ended 31st December 2002

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ
24 March 2005

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
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PROFIT AND LOSS ACCOUNT
 for the year ended 31st December 2002

	Notes	2002	2001 Restated
		£	£
TOURNOVER	1	1,924,270	2,121,720
Cost of Sales		(1,179,058)	(1,377,503)
GROSS PROFIT		745,212	744,217
Administrative Expenses	2	(1,069,053)	(3,222,873)
		(323,841)	(2,478,656)
Profit on sale of Fixed Assets		100	279
Subvention payment	3	5,750,000	418,720
Interest Receivable		52	35
Interest Payable		(9,460)	(13,500)
OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	5,416,851	(2,073,122)
Taxation		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT/(LOSS) FOR THE YEAR	15	5,416,851	(2,073,122)

The Company has no recognised gains or losses other than those included in the profit/(loss) above, and therefore no separate statement of recognised gains and losses has been prepared.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above, and their historical cost equivalents.

Prior year figures for Subvention payment have been restated for comparability.

The notes on pages 10 to 14 form part of these financial statements.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
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BALANCE SHEET
 as at 31st December 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	79,421	140,518
CURRENT ASSETS			
Stock	9	539,809	497,593
Debtors	10	191	5,659
Cash at bank and in hand		22,981	49,832
		562,981	553,084
CREDITORS			
Amounts falling due within one year	11	(508,972)	(397,318)
NET CURRENT ASSETS		54,009	155,766
TOTAL ASSETS LESS CURRENT LIABILITIES		133,430	296,284
CREDITORS			
Amounts falling due after more than one year	12	(1,741,128)	(7,320,833)
PROVISIONS FOR LIABILITIES AND CHARGES	13	-	-
		(1,607,698)	(7,024,549)
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Accumulated fund	15	(1,607,798)	(7,024,649)
SHAREHOLDERS' FUNDS	16	(1,607,698)	(7,024,549)
		_____	_____

Approved by the board on 24 March 2005
 and signed on their behalf

AK Broadway
 A K Broadway - Director

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
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ACCOUNTING POLICIES
for the year ended 31 December 2002

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

BASIS OF ACCOUNTING.

The financial statements have been prepared under the historical cost convention.

FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are shown at original purchase cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor Vehicles	25%
Plant and Equipment	10%
Furnishings	10%

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

FOREIGN CURRENCY TRANSLATIONS

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

PENSION CONTRIBUTIONS

The costs of providing pensions is calculated using actuarial valuation methods which reflect the long-term costs of providing such pensions.

For defined benefit schemes the regular cost of providing for pensions is calculated so as to produce a substantially level percentage of the current and estimated future pensionable payroll; variations from the regular cost so calculated are allocated to the income and expenditure account over the average remaining service lives of employees.

The company has adopted the transitional arrangements of FRS17 "Retirement Benefits" for the year ended 31 December 2002. The disclosures required by this standard are shown in note 19. As permitted by its transitional arrangements, figures arising under the standard have not been reflected in the financial statements.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

CASH FLOW STATEMENT

The company has taken advantage of the exemption available under FRS1 not to prepare a Cash Flow Statement on grounds that it is a 'Small' Company under the Companies Act 1985.

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ACCOUNTING POLICIES
for the year ended 31 December 2002

GOING CONCERN

The ultimate parent companies have undertaken to continue their financial support of the company to the extent of, and as long as there exists a deficiency of shareholders' funds, and for at least the next 12 months from the approval of the accounts.

DEFERRED TAXATION

Following the introduction of FRS19, the company has changed its accounting policy in respect of deferred tax. Previously deferred taxation was only provided to the extent that it was probable a liability or asset would crystallise. Now deferred tax balances are recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

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NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 December 2002

1 TURNOVER	2002	2001
	£	£

Turnover for the year is attributable to the following activities:-

Religious, educational and administrative materials	<u>1,924,270</u>	<u>2,121,720</u>
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Turnover is generated predominantly in the United Kingdom, with some incidental sales to other entities of The Church of Jesus Christ of Latter-day Saints in countries outside the United Kingdom. The directors do not consider any further analysis to be appropriate.

2 OTHER OPERATING EXPENSES	2002	2001
	£	£

Distribution costs	203,012	224,193
Administration expenses (inclusive of depreciation)	<u>866,041</u>	<u>2,998,680</u>
	<u>1,069,053</u>	<u>3,222,873</u>

3 SUBVENTION PAYMENT	2002	2001
	£	£

Subvention payment from parent company	<u>5,750,000</u>	<u>418,720</u>
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This payment received from the parent company is to cover losses on activities that will not be part of the company going forward.

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2002	2001
	£	£

This profit/(loss) is stated after charging/crediting:

Auditors' remuneration	9,000	6,000
Depreciation on owned assets	19,272	45,405
Profit on sale of fixed assets	(100)	(279)
VAT settlement for prior year	-	85,395

5 STAFF COSTS

The average monthly number of employees, including directors, during the year was as follows:

	2002	2001
	No.	No.
Office and management	12	28
Other	20	66
	<u>32</u>	<u>94</u>

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NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 December 2002

5 STAFF COSTS (continued)

Staff costs, including directors' remuneration, were as follows:-

	2002	2001
	£	£
Wages and salaries	490,864	1,494,176
Social security costs	34,790	108,220
Other pension costs	<u>44,664</u>	<u>199,967</u>
	<u>570,318</u>	<u>1,802,363</u>

6 DIRECTORS REMUNERATION

	2002	2001
	£	£
Aggregate Directors' emoluments during the year excluding pension contributions.	<u>98,719</u>	<u>Nil</u>

The number of directors' to whom retirement benefits are accruing under the following:

	2002	2001
	No.	No.
Defined Contribution/Defined Benefit Pension Scheme	2	Nil

As the directors' emoluments do not exceed £200,000 the company has taken advantage of the exemption permitted by the companies act and not disclosed the emoluments of the highest paid director.

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There was no tax arising for the period due to taxable losses arising during the period. There is an unrecognised deferred tax asset arising in connection with these losses and other timing differences of £476,339 (2001: £2,101,395)

	2002	2001
	£	£
Profit/(loss) on ordinary activities	5,416,851	(2,073,122)
Profit/(loss) on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2001: 30%)	1,625,055	(621,937)
Effect of:		
Accelerated capital allowances / other timing differences	(1,625,055)	621,937
Tax (credit)/charge	-	-

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NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 December 2002

8 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £'000	Plant & Machinery £'000	Motor Vehicles £'000	Total £'000
Cost:				
1st January 2002	73,595	143,923	66,358	283,876
Additions	16,269	19,619	11,359	47,247
Disposals	(29,582)	(90,464)	(66,358)	(186,404)
31st December 2002	60,282	73,078	11,359	144,719
Depreciation:				
1st January 2002	27,362	58,000	57,996	143,358
Charge for Year	7,499	8,932	2,840	19,271
Disposals	(9,177)	(30,158)	(57,996)	(97,331)
31st December 2002	25,684	36,774	2,840	65,298
Net book value:				
31st December 2002	34,598	36,304	8,519	79,421
31st December 2001	46,233	85,923	8,362	140,518

9 STOCK

	2002 £	2001 £
Finished goods and goods for resale	539,809	497,593

10 DEBTORS

	2002 £	2001 £
Due within one year		
Other Debtors	191	-
Amount owing to fellow subsidiary	-	5,659
	191	5,659

11 CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Bank overdraft	-	49,352
Other taxation and social security costs	340,101	209,868
Accruals and deferred income	168,871	138,098
	508,972	397,318

12 CREDITORS: Amount falling due in more than one year

	2002 £	2001 £
Loan from holding company	1,741,128	7,320,833

This is a loan from The Corporation of the President of The Church of Jesus Christ of Latter-day Saints which is subordinated to the claims of all other creditors. The loan is interest free and there are no repayment terms.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
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NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 December 2002

13 PROVISION FOR LIABILITIES AND CHARGES

There is no provision for deferred taxation as it is not probable that deferred tax liability will crystallise in the foreseeable future. Total unrecognised deferred taxation asset existed of £476,339 (2001: £2,101,395), comprising of deferred capital allowances of £139,149 (2001: £133,368) and losses of £337,190 (2001: £1,968,027) at the year end.

14 SHARE CAPITAL

	2002	2001
	£	£
Authorised:		
25,000,000 (2001: 100) ordinary shares of £1 each	<u>25,000,000</u>	<u>100</u>
Allotted, issued and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

15 ACCUMULATED FUND

	2002	2001
	£	£
Balance at 1 January 2002	(7,024,649)	(4,951,527)
Profit/(Loss) for the financial year	<u>5,416,851</u>	<u>(2,073,122)</u>
Balance at 31 December 2002	<u>(1,607,798)</u>	<u>(7,024,649)</u>

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit/(Loss) for the financial year	5,416,851	(2,073,122)
Opening shareholders' funds	<u>(7,024,549)</u>	<u>(4,951,427)</u>
Closing shareholders' funds	<u>(1,607,698)</u>	<u>(7,024,549)</u>

Shareholders' funds relate entirely to equity interests.

17 ULTIMATE HOLDING COMPANIES

The company is jointly owned by the Corporation of the President of The Church of Jesus Christ of Latter-day Saints and the Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints both of which are incorporated in the state of Utah, United States of America.

Assurances of continued financial support have been received from the Corporation of the President of The Church of Jesus Christ of Latter-day Saints.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED formerly
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (ADMINISTRATION)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

18 RELATED PARTY TRANSACTIONS

During the year the company purchased religious, educational and administrative materials totalling £1,041,041 (2001: £1,096,619) from The Corporation of the President of The Church of Jesus Christ of Latter-day Saints.

Included in turnover are sales totalling £220,521 (2001: £276,697) to The Church of Jesus Christ of Latter-day Saints (Great Britain), a fellow subsidiary undertaking.

The company undertakes its principal activities from the London and Preston temples and a distribution warehouse in Birmingham. The London Temple and the Distribution warehouse are owned by The Church of Jesus Christ of Latter-day Saints (Great Britain), a fellow subsidiary undertaking, and no rent is charged by it to the company.

The Preston Temple is owned by The Church of Jesus Christ of Latter-day Saints (Welfare), a fellow subsidiary undertaking and a charge of £10,000 per annum is charged for the rental of the commercial space occupied at this site.

19 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The company participates in the Deseret UK Benefits Plan. This is a funded defined benefit multi-employer scheme in the United Kingdom.

A full actuarial valuation was carried out at 31 December 2001 and updated to 31 December 2002 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

The major assumptions adopted in this valuation were:-

	31 December 2002	31 December 2001
Rate of increase in salaries	3.90%	4.00%
Rate of increase of pensions in payment	2.40%	2.50%
Discount rate	5.50%	6.00%
Inflation	2.40%	2.50%

The assets of Deseret UK Benefit Plans and the expected rate of return were :-

	At 31 December 2002		At 31 December 2001	
	Return	£million	Return	£million
Equities	7.00%	8.83	7.00%	10.66
Bonds and Cash	4.21%	2.13	4.60%	1.92
Property	5.50%	0.33	6.00%	0.66
Total market value of assets		11.29		13.24
Actuarial value of liability		(18.29)		(14.70)
Deficit in the scheme		(7.00)		(1.46)

The charge for pension costs in 2002 was £41,870 (2001: £181,117)

The company is unable to identify its share of the underlying assets and liabilities of the scheme. As a result the company's cost is based on pension contributions payable in accordance with advice of professionally qualified actuaries.